

110 WEST C STREET, SUITE 1709  
SAN DIEGO, CA 92101-3966  
(619) 237-7844  
FAX (619) 237-7229



450 N STREET, MC. 77  
SACRAMENTO, CA 95814-5691  
(916) 445-5713  
FAX (916) 323-0546

**ERNEST J. DRONENBURG, JR.**  
CHAIRMAN, STATE BOARD OF EQUALIZATION  
MEMBER, FRANCHISE TAX BOARD

COPY

May 7, 1997

The Honorable Frank Riggs  
1714 Longworth House Office Building  
U.S. House of Representatives  
Washington, D. C. 20515-0501


Dear Representative Riggs:

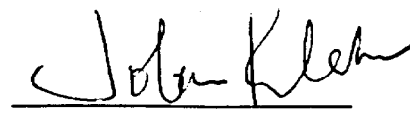
The California Board of Equalization has enthusiastically and unanimously voted to support H.R. 1054, the "Internet Tax Freedom Act" introduced by Rep. Chris Cox. We are writing to urge your cosponsorship of the measure. This measure would provide that no state or locality would assess, impose or require the collection of any tax or fee on the Internet or interactive computer services, except as specified.

The Board of Equalization is California's major revenue agency and is responsible for the administration of 25 state and local tax programs including State and local sales and use taxes. Consequently, we have a unique understanding how unwarranted taxation would stifle the growth of this dynamic industry. The State has established policy to not impose special taxes on the Internet. California is home to many of the leaders in the development of Internet technology, and we have a strong commitment to encourage its growth. The Internet Tax Freedom Act will apply these same principles to all States and localities by imposing a moratorium on State and local taxation to provide time for the industry, government officials and tax experts to study what taxes are appropriate for the Internet.

The dramatic growth in the Internet industry requires that action on this legislation should occur sooner rather than later. Your cosponsorship of H.R. 1054 will go a long way to demonstrate to your colleagues the importance of passage of the Internet Tax Freedom Act to the continued prosperity of this emerging industry.

Sincerely yours,

  
Ernest J. Dronenburg, Jr., Chairman

  
Johan Klehs, Vice Chairman